

**REPORT OF THE AUDIT OF THE
PULASKI COUNTY
SHERIFF**

**For The Year Ended
December 31, 2008**



**CRIT LUALLEN
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE PULASKI COUNTY SHERIFF

**For The Year Ended
December 31, 2008**

The Auditor of Public Accounts has completed the Pulaski County Sheriff's audit for the year ended December 31, 2008. Based upon the audit work performed, the financial statement presents fairly, in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting.

Financial Condition:

Excess fees increased by \$1,829 from the prior year, resulting in excess fees of \$3,659 as of December 31, 2008. Revenues decreased by \$52,736 from the prior year and expenditures decreased by \$78,704.

Report Comment:

- The Sheriff's Office Should Not Have Paid Over The Bid Price For Purchase Of Vehicle

Deposits:

The Sheriff's deposits were insured and collateralized by bank securities.

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CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Barty Bullock, Pulaski County Judge/Executive
The Honorable Todd Wood, Pulaski County Sheriff
Members of the Pulaski County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the Sheriff of Pulaski County, Kentucky, for the year ended December 31, 2008. This financial statement is the responsibility of the Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the Sheriff for the year ended December 31, 2008, in conformity with the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated July 24, 2009 on our consideration of the Pulaski County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



The Honorable Barty Bullock, Pulaski County Judge/Executive
The Honorable Todd Wood, Pulaski County Sheriff
Members of the Pulaski County Fiscal Court

Based on the results of our audit, we have presented the accompanying comment and recommendation, included herein, which discusses the following report comment:

- The Sheriff's Office Should Not Have Paid Over The Bid Price For Purchase Of Vehicle

This report is intended solely for the information and use of the Sheriff and Fiscal Court of Pulaski County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these interested parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", written in a cursive style.

Crit Luallen
Auditor of Public Accounts

July 24, 2009

PULASKI COUNTY
TODD WOOD, SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2008

Revenues

Federal Grant - Highway Traffic Safety	\$	24,767	
Federal - High Intensity Drug Trafficking Areas (HIDTA)			37,630
State - Kentucky Law Enforcement Foundation Program Fund			111,572
State Fees For Services:			
Finance and Administration Cabinet	\$	53,855	
Cabinet For Health And Family Services		5,190	
Sheriff's Security Service		39,897	
Conveying Prisoners		<u>60,722</u>	159,664
Circuit Court Clerk			10,396
Fiscal Court			630,941
County Clerk - Delinquent Taxes			7,176
Commission On Taxes Collected			736,104
Fees Collected For Services:			
Auto Inspections		21,840	
Accident/Police Reports		750	
Serving Papers		93,105	
Carrying Concealed Deadly Weapon Permits		10,425	
Restitution		3,721	
Wrecker Fees		1,690	
Security		91,532	
School Resource Officer		68,369	
Bank Escorts		13,956	
Conveying Juveniles		<u>8,360</u>	313,748

The accompanying notes are an integral part of this financial statement.

PULASKI COUNTY
TODD WOOD, SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
For The Year Ended December 31, 2008
(Continued)

Revenues (Continued)

Other:

Lake and Park	\$	22,663	
Sheriff's Add-on Fees		112,124	
Advertising Fees		4,575	
Adanta		59,675	
Commissions		12,000	
Insurance Proceeds		12,852	
Calendar Proceeds		4,500	
Miscellaneous		3,582	
Investigation		90	\$ 232,061

Interest Earned 2,018

Borrowed Money:

State Advancement 200,000

Total Revenues 2,466,077

Expenditures

Operating Expenditures and Capital Outlay:

Personnel Services-			
Deputies' Salaries	1,076,291		
Part-Time Salaries	94,294		
Other Salaries	210,573	1,381,158	
Employee Benefits-			
Employer's Share Hazardous Duty Retirement		26,783	
Materials and Supplies-			
Office Materials and Supplies	13,786		
Uniforms	28,938		
Guns and Ammo	1,659		
Equipment/Radios	10,799	55,182	
Auto Expense-			
Gasoline and Oil	200,384		
Maintenance and Repairs	35,347	235,731	

The accompanying notes are an integral part of this financial statement.

PULASKI COUNTY
TODD WOOD, SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
For The Year Ended December 31, 2008
(Continued)

Expenditures (Continued)

Operating Expenditures and Capital Outlay: (Continued)

Helicopter Expense-		
Helicopter Insurance	\$	5,667
Other Charges-		
Conventions and Travel	\$	4,173
Dues		2,666
Postage		5,759
Bond		1,764
Advertising		4,575
Miscellaneous		288
K-9 and Supplies		4,611
Telephone		31,239
Camera and Film		6,717
Investigations		2,376
Rentals		4,730
Wrecker		2,557
Returned Fugitive		33,232
Office Expense		15,759
Radio Equipment/Maintenance		16,620
Capital Outlay-		
Office Equipment		57,157
Vehicles		155,250
Vehicle Computers		20,525
		<hr/>
Debt Service:		
State Advancement		200,000
Total Expenditures		<hr/> 2,274,519

The accompanying notes are an integral part of this financial statement.

PULASKI COUNTY
TODD WOOD, SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
For The Year Ended December 31, 2008
(Continued)

Net Revenues		\$ 191,558
Less: Statutory Maximum	\$ 89,882	
Less: Training Incentive Benefit	<u>3,525</u>	<u>93,407</u>
Excess Fees		98,151
Less: Current Year Portion Of The Vehicle Account Balance (Note 4)		<u>94,492</u>
Excess Fees Due County for 2008		3,659
Payment Made To Fiscal Court - May 29, 2009		<u>3,659</u>
Balance Due Fiscal Court		<u><u>\$ 0</u></u>

The accompanying notes are an integral part of this financial statement.

PULASKI COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2008

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the Sheriff as determined by the audit. KRS 134.310 requires the Sheriff to settle excess fees with the fiscal court at the time he files his final settlement with the fiscal court.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive) at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2008 services
- Reimbursements for 2008 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2008

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

PULASKI COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2008
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer, defined benefit pension plan that covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members.

Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 16.17 percent for the first six months and 13.50 percent for the last six months of the year. Hazardous covered employees are required to contribute 8 percent of their salary to the plan. The county's contribution rate for hazardous employees was 33.87 percent for the first six months and 29.50 percent for the last six months of the year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The Pulaski County Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the Sheriff's deposits may not be returned. The Pulaski County Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2008, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

PULASKI COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2008
(Continued)

Note 4. Vehicle Account

The Pulaski County Sheriff's Department acquired the financial responsibility of the department vehicles in July 2006 from the Pulaski County Fiscal Court. Upon acquisition, the Sheriff's Department assumed responsibility of all upkeep, including but not limited to, the purchase of gasoline, maintenance and equipment for vehicles, and possibly the purchase of other vehicles.

The Sheriff's fee account is responsible for paying the Sheriff's vehicle account for mileage used by the deputies on a monthly basis, just as it was paid to the Pulaski County Fiscal Court's vehicle account. The balance of the Sheriff's vehicle account shall be carried forward from year to year to allow for payment of any maintenance, fuel bills, or any other vehicle responsibilities and is not required to be turned over to Fiscal Court as excess fees.

On January 1, 2008, the vehicle account had a carryover balance from the prior year of \$128,786. A total of \$316,863 was transferred from the fee account into the vehicle account and an additional \$13,423 in receipts was received during 2008. The Sheriff disbursed \$235,793 for gasoline, oil, and vehicle maintenance throughout the year. The cash balance as of December 31, 2008 was \$223,279 with the current portion of the balance being \$94,492.

Note 5. Forfeiture Account

The Sheriff maintains a forfeiture account, which represents the Pulaski County Sheriff's Department equitable sharing in assets seized during an arrest. On January 1, 2008, the account had a carryover balance from the prior year of \$107,743. During 2008, the Sheriff received \$60,318 and expended \$56,597. Also, a total of \$144,313 was transferred to other accounts and was later repaid, leaving an unexpended balance of \$111,464 as of December 31, 2008.

Note 6. Drug Account

On January 1, 2008, the drug account had a carryover balance from the prior year of \$1,642. During 2008, the Sheriff received \$6 interest and \$215 from proceeds emanating from the confiscation, surrender, or sale of real and personal property involved in drug related convictions. These funds are to be used for law enforcement activities. The Sheriff did not expend any funds during 2008, leaving an unexpended balance of \$1,863 as of December 31, 2008.

Note 7. Grant Account

On January 1, 2008, the grant account had a carryover balance from the prior year of \$2,873. The grant monies were received in prior years for the purchase of body armor. During the year the account received \$8 in interest and expended \$2,881 to close out the grant, leaving an unexpended balance of \$0 as of December 31, 2008.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Barty Bullock, Pulaski County Judge/Executive
The Honorable Todd Wood, Pulaski County Sheriff
Members of the Pulaski County Fiscal Court

**Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards**

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the Pulaski County Sheriff for the year ended December 31, 2008, and have issued our report thereon dated July 24, 2009. The Sheriff's financial statement is prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Pulaski County Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the regulatory basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statement that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiency described in the accompanying comment and recommendation to be significant deficiency in internal control over financial reporting.

- The Sheriff's Office Should Not Have Paid Over The Bid Price For Purchase Of Vehicle



Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statement will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not consider the significant deficiency described above to be a material weakness.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Pulaski County Sheriff's financial statement for the year ended December 31, 2008, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the Pulaski County Fiscal Court, and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Crit Luallen
Auditor of Public Accounts

July 24, 2009

COMMENT AND RECOMMENDATION

PULASKI COUNTY
TODD WOOD, SHERIFF
COMMENT AND RECOMMENDATION

For The Year Ended December 31, 2008

INTERNAL CONTROL - SIGNIFICANT DEFICIENCY

The Sheriff's Office Should Not Have Paid Over The Bid Price For Purchase Of Vehicle

During testing of expenditures, we noted that the Sheriff purchased several vehicles from a local vendor. The Sheriff complied with KRS 424.260 and advertised for bids in the local newspaper. One bid was received from a local vendor and was awarded the bid. On December 9, 2008, subsequent to the received bid, the Sheriff purchased vehicles from the local vendor and was charged the quoted bid price. However, on December 30, 2008, the Sheriff purchased an additional vehicle and was charged \$1,799 above the quoted bid price. The local vendor did not honor the bid price even though the purchase was for the same vehicle as the bid quote. In the future, we recommend the Sheriff not pay above the quoted bid price for any purchases.

Sheriff's Response: The official did not respond.

